Universities Academic Pension Board

ANNUAL REPORT 1981·82

Alberta

ISSN 0709-8731

FOURTH ANNUAL REPORT

of the

UNIVERSITIES ACADEMIC PENSION BOARD

pursuant to

THE UNIVERSITIES ACADEMIC PENSION ACT

for the year ended
March 31, 1982

Alberta
TREASURY

Office of the Provincial Treasurer

To the Honourable FRANK C. LYNCH-STAUNTON
Lieutenant Governor of the Province of Alberta

MAY IT PLEASE YOUR HONOUR:

I have the honour to submit the Annual Report of the Universities Academic Pension Board, pursuant to *The Universities Academic Pension Act*, for the fiscal year ended March 31, 1982.

Lou Hyndman

Lou Hyndman
MINISTER FOR PENSIONS

Room 323, Legislature Building, Edmonton, Alberta, Canada T5K 2B6 Phone 403 427-8809

Alberta
UNIVERSITIES ACADEMIC
PENSION BOARD

Office of the Chairman

Room 570, Terrace Building, 9515 - 107 Street, Edmonton, Alberta, Canada T5K 2C3 403/427-7105

The Honourable L.D. Hyndman
Provincial Treasurer
Minister for Pensions
Government of the Province of Alberta
Edmonton, Alberta.

Sir:

In accordance with *Section 32(1)* of *The Universities Academic Pension Act*, I have the privilege of submitting to you the Annual Report of the Universities Academic Pension Board for the year ended March 31, 1982.

The Pension Fund Act 1980 established a Pension Fund effective April 1, 1981. All receipts in excess of the amount required to meet commitments during each month are transferred to the Pension Fund. The Fund was developed to meet future liabilities of the plan.

During the year, Mr. M.A. Rousell who was one of the original members of the Universities Academic Pension Board retired. The University of Alberta Board of Governors nominated Mr. W.D. Usher to replace Mr. Rousell. Mr. Usher was appointed to the Board by the Lieutenant Governor in Council in October, 1981. Mr. Rousell served on the Board from August, 1978 to May, 1981.

We acknowledge the assistance of Payroll and Pensions Division of Alberta Treasury in providing the statistical and financial information included in this report.

Respectfully submitted,

J.E. Faries
CHAIRMAN OF THE BOARD

TABLE OF CONTENTS

	Page
Universities Academic Pension Board	iii
Report on the Activities of the Board	1
Summary of Contributions	2
Summary of Refunds	2
Retirements and Benefits	2
Member and Employer Contributions	3
Refunds of Contributions and Interest	4
Reciprocal Agreement Transfers	4
Transfers by Book Entry	4
Retirements in 1981-82	5
Pensions in Effect at March 1982	5
Death in Service Benefits	7
Spousal Pensions Granted in 1981-82	7
Dollar Value of Pensions	7
Pension Adjustment Regulations	8
Reciprocal Agreements in Effect	9
Comparative Statistics	11
Summary of Revenue and Expenditure Transactions	13
Note to the Summary of Transactions	14

UNIVERSITIES ACADEMIC PENSION BOARD

BOARD CHAIRMAN

J.E. Faries
Chairman
Government Pension Boards

MEMBERS

ON BEHALF OF THE BOARDS OF GOVERNORS

W.D. Usher
University of Alberta

M.G. McGinley
University of Calgary

J.A. Rae
University of Lethbridge

ON BEHALF OF THE STAFF ASSOCIATIONS

L. Eberlein
University of Alberta

H.A. Buckmaster
University of Calgary

E.E. Falkenberg
University of Lethbridge

UNIVERSITIES ACADEMIC PENSION ACT

REPORT ON THE ACTIVITIES OF THE BOARD AND THE OPERATION OF THE ACT

The Universities Academic Pension Board met a total of nine times during the fiscal year ended March 31, 1982.

Many issues were raised at these meetings by Board members, Universities and other interested parties. Some of the more significant topics, dealt with by the Board, during the year, related to:

1. Approval of Long Term Disability Income Continuance Plans,
2. Reciprocal transfer agreements with other pension authorities,
3. Deemed salary for pension purposes,
4. Co-ordination of Joint Life pensions with the Old Age Security and/or the Canada Pension,
5. Government's liability arising from errors by the employees of the pension administration,
6. Recognition of Resident/Intern service as pensionable.

The Board also dealt with 23 individual cases of 'prior service'.

On behalf of the Board, the Chairman's office published a Pension Bulletin advising the members regarding the disposition of their contributions at the time of terminating University service.

Four issues of the Pension newsletter POSTSCRIPT were published and distributed during the year to all retired Alberta public employees free of charge. Its circulation is approximately 13,000. This publication keeps pensioners up to date on pension developments in the province and, to a limited degree, provides a forum for pensioners' concerns and views.

A pension seminar organized by Pension Boards Secretariat was held on October 29, 1981 at Westridge Park, Devon. Board members of all Alberta pension boards including invited representatives from Alberta Government Telephones and Teachers Retirement Fund attended the seminar and contributed to the discussions on the various aspects of pension policy. The Honourable Lou Hyndman delivered the keynote address.

A seminar on the Universities Academic Pension Plan was also presented during the year at the University of Alberta by the Information Officer of the Pension Boards Secretariat on behalf of the Board.

During the fiscal period, for the first time, there were more early retirements than normal retirements. There was also a significant increase in the number of Spousal pensions granted.

Statistics for the four-year period 1978-82 reveal that the number of retirements this year was exceeded only once by the 1979-80 retirements. The average age of the retirees during 1981-82 was 61.92 years.

CONTRIBUTIONS

During the fiscal period April 1, 1981 to March 31, 1982, the member and employer contributions amounted to $21,560,426.52. The contributions were deposited into the General Revenue Fund of the Province of Alberta for eventual transfer to the Pension Fund, as per Section 5(2) of the Pension Fund Act.

Details of the contributions received and the total amounts credited to the members' and employers' accounts as at March 31, 1982, are shown on page 3.

As of March 1982, there were 3,939 members' accounts, including 124 accounts held on deposit on behalf of terminated members.

REFUNDS

During the year, refunds in respect of members who terminated their service amounted to $1,653,242.51, of which a sum of $1,531,127.54 was transferred to registered pension or retirement savings plans on behalf of the members. The remaining amount of $122,114.97 was refunded directly to the members.

A sum of $88,717.13 on account of excess contributions by members and universities was refunded to the members and universities concerned during the year.

RETIREMENTS AND BENEFITS

Thirty-five retirement pensions were granted during the year, inclusive of two Deferred pensions. Ten Spousal pensions were granted to the spouses of members who had died while still in service.

Four pensioners died during the year. Three of the pensions expired while one was transferred to a surviving spouse. As of March, 1982 there were 259 pensioners or beneficiaries of deceased pensioners in receipt of pensions. Thirty-eight of the pensions were co-ordinated with Canada Pension and/or Old Age Security.

Benefits under the Act included pension payments of $3,433,118.11 and lump sum payments of $68,132.93 to beneficiaries of deceased members, including an annual payment of $6,292.34 being made to the spouse of a deceased member by instalment since 1979-80.

As at March 1982, six retired members were being paid pension advances equalling 90 per cent of their estimated Normal Pension, pending receipt of choice of pension option.

MEMBER AND EMPLOYER CONTRIBUTIONS

April 1, 1981 to March 31, 1982

	Number of Accounts	Member Contributions Received	Employer Contributions Received	Total Credited to Members' Accounts March 31, 1982	Total Credited to Employers' Accounts March 31, 1982
University of Alberta	2,184	$6,208,135.54	$5,960,826.37	$40,099,350.77	$44,019,852.43
University of Calgary	1,209	3,179,730.75	3,358,552.09	20,890,866.67	23,801,379.47
University of Lethbridge	263	603,394.95	582,720.98	2,295,050.58	2,111,891.83
Athabasca University	97	195,698.71	214,393.85	509,231.10	523,481.09
Banff Centre for Continuing Education	62	124,915.45	132,057.83	514,526.33	512,279.68
Accounts Held on Deposit	102	–	–	553,296.86	658,223.46
Suspense	–	–	*1,000,000.00	236,917.40	3,500,000.00
Accounts Held on Deposit for Deferred pensions	22	–	–	447,163.23	509,090.93
Totals	3,939	$10,311,875.40	$11,248,551.12	$65,546,402.94	$75,636,198.89

* Assets received pursuant to the start-up of the plan.

REFUNDS

Refunds of contributions and interest to terminated members (Section 23(1)(a) of the Act)	$ 122,114.97
Refunds of member and employer contributions and interest by transfer to registered pension or retirement savings plans, etc. (Section 23(1)(b) of the Act)	1,531,127.54
Refunds of excess member and employer contributions	88,717.13
	$1,741,959.64

RECIPROCAL AGREEMENT TRANSFERS

	No. of Accounts	From Academic Plan	No. of Accounts	To Academic Plan
Teachers' Ret. Fund	–	–	3	$ 33,480.32
Govt. of Canada, Public Service Super. Plan	–	–	4	97,069.15
University of Toronto	1	$ 4,072.52	7	115.587.66
University of Manitoba	1	13,294.36	4	76,100.45
University of New Brunswick	1	4,832.62	3	40,359.28
University of British Columbia	–	–	1	30,559.52
McGill University	–	–	2	16,966.96
University of Regina	–	–	1	31,489.15
University of Saskatchewan	–	–	1	51,945.38
*Province of Quebec	–	–	1	274.03
*Simon Fraser University	–	–	1	19,300.40
*Ontario Hospital Assn.	1	9,529.18	–	–
Totals	4	$31,728.68	28	$513,132.30

**No reciprocal agreement in existence with these authorities. Transactions inadvertantly posted as 'Transfers by Reciprocal Agreement'.*

TRANSFERS BY BOOK ENTRY

Pension Plan	No. of Accounts	From Academic Plan	No. of Accounts	To Academic Plan
Local Auth. Pension Plan	3	$26,200.05	10	$129,123.34
Public Service Pen. Plan	2	4,140.48	2	453,797.92
P.S. Management Pen. Plan	–	–	34	100,169.58
Totals	5	$30,340.53	46	$683,090.84

RETIREMENTS

Retirements during fiscal year 1981-82:

Normal Retirement (Section 9 of the Act)	15
Early Retirement (unreduced pension) (Section 10 of the Act)	20
(Co-ordinated with OAS/CP – 11)	
	*35

*Inclusive of 2 Deferred Pensions which commenced during the year.

Average Retirement Age for 1981/82 Retirees ..... 61.92 years

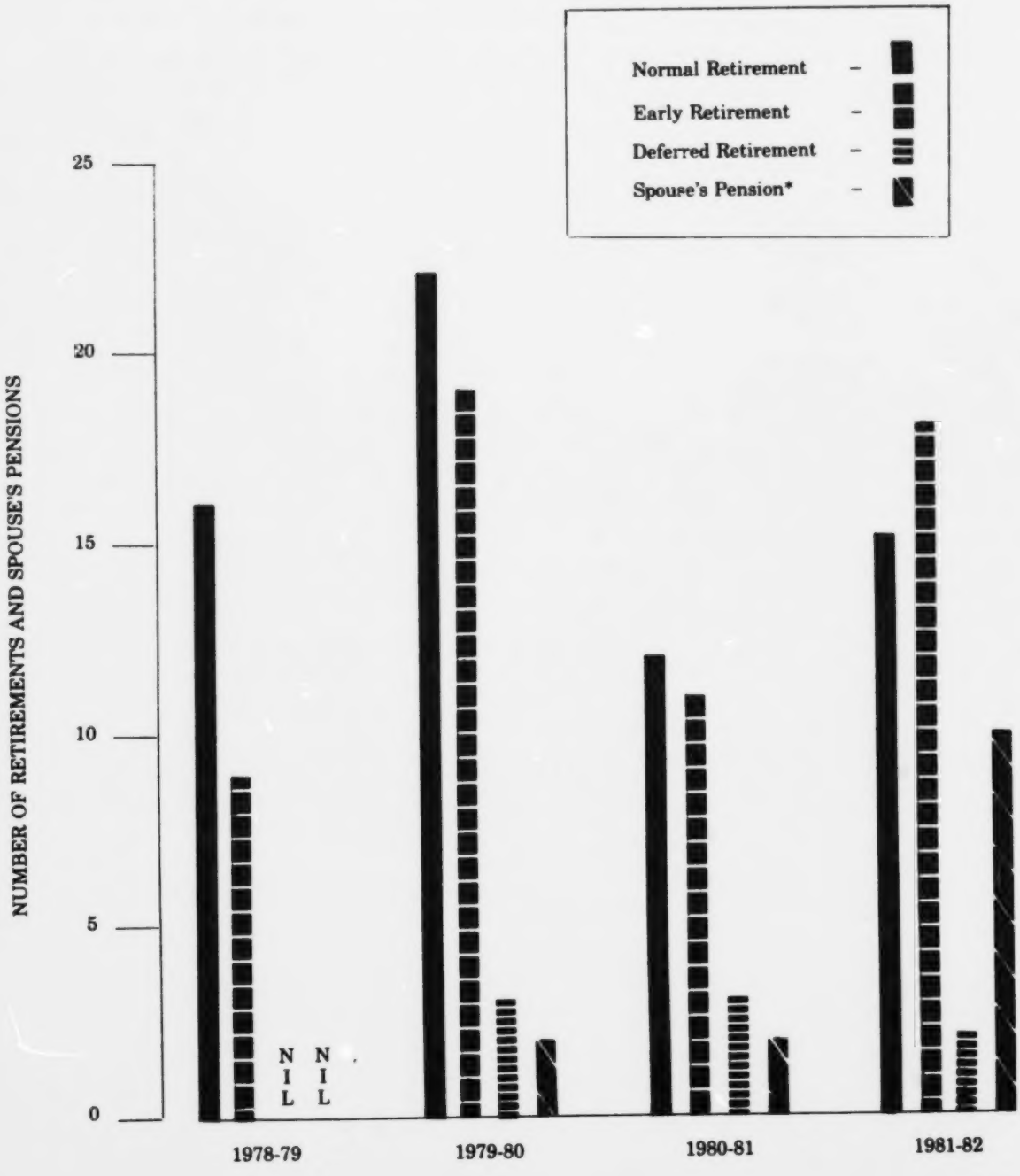
PENSIONS

Pensions in effect at March 1982:

Guaranteed Term – 5 years	19
Guaranteed Term – 10 years	15
Guaranteed Term – 15 years (Normal Pension)	38
Guaranteed Term – 20 years	11
Single Life Pension	39
Joint Life Pension	40
Joint Life Pension reducible by 1/3	39
Joint Life Pension reducible by 1/2	15
Spouse's Pension – Single Life	21
Spouse's Pension – Guaranteed Term 10 years	5
Spouse's Pension – Guaranteed Term 15 years	9
Spouse's Pension – Guaranteed Term 20 years	8
	259

Number of pensions co-ordinated with Canada Pension and/or Old Age Security 38

RETIREMENTS AND SPOUSAL PENSIONS – 4-YEAR COMPARISON



*Employee deceased.

DEATH IN SERVICE BENEFITS

Number of members who died while in service	12
Number of Spousal pensions granted during the year	10
Number of beneficiaries granted lump sum payments	2
Amount of lump sums paid to beneficiaries (2)	$61,840.59
Amount of lump sum paid by annual instalment to the spouse of a deceased member	$ 6,292.34

SPOUSAL PENSIONS GRANTED

Spousal Pensions granted during the year were as follows:

Spousal Pension – Single Life	2
Spousal Pension – Guaranteed Term 15 years	1
Spousal Pension – Guaranteed Term 20 years	7
Total number of Spousal Pensions in 1981-82	10

DOLLAR VALUE OF PENSIONS

Monthly dollar value of pensions paid at March 1982:

Dollar Value per month	Number of Pensions
$ 100 to 199	2
200 to 299	4
300 to 399	9
400 to 499	6
500 to 599	17
600 to 699	27
700 to 799	26
800 to 899	15
900 to 999	16
1,000 to 1,499	57
1,500 to 1,999	38
2,000 to 2,499	29
2,500 to 2,999	12
3,000 to 3,499	1
Total number of pensions	259

The lowest pension paid at March 1982 was $104.38 per month and the highest was $3,050.83 per month. The *average of pensions at March 1982 was $1,226.71 per month.

Total pension payments during the fiscal period amounted to $3,433,118.11.

**Including 6 pension advances.*

PENSION ADJUSTMENT REGULATIONS

To provide an adjustment to pensions granted under the Act for the purpose of maintaining approximate parity with cost of living, section 1 of the Universities Academic Pension Adjustment Regulations, (Alberta Regulation 438/78), as amended, was further amended to authorize the following adjustments, with effect from January 1, 1982:

(a) pensions granted on or before January 1, 1981, were increased by 10.00%;

(b) pensions granted after January 1, 1981, but on or before February 1, 1981, were increased by 9.17%;

(c) pensions granted after February 1, 1981, but on or before March 1, 1981, were increased by 8.33%;

(d) pensions granted after March 1, 1981, but on or before April 1, 1981, were increased by 7.50%;

(e) pensions granted after April 1, 1981, but on or before May 1, 1981, were increased by 6.67%;

(f) pensions granted after May 1, 1981, but on or before June 1, 1981, were increased by 5.83%;

(g) pensions granted after June 1, 1981, but on or before July 1, 1981, were increased by 5.00%;

(h) pensions granted after July 1, 1981, but on or before August 1, 1981, were increased by 4.17%;

(i) pensions granted after August 1, 1981, but on or before September 1, 1981, were increased by 3.33%;

(j) pensions granted after September 1, 1981, but on or before October 1, 1981, were increased by 2.50%;

(k) pensions granted after October 1, 1981, but on or before November 1, 1981, were increased by 1.67%;

(l) pensions granted after November 1, 1981, but on or before December 1, 1981, were increased by 0.83%.

(Alberta Regulation 25/82)

RECIPROCAL AGREEMENTS

For the purpose of transferring pension credits on a reciprocal basis, the following reciprocal agreements were in effect, between the Universities Academic Pension Board and other pension authorities, as of March 31, 1982:

IN ALBERTA

Local Authorities Pension Board

Public Service Management Pension Board

Public Service Pension Board

Board of Administrators, Teachers Retirement Fund

OUTSIDE ALBERTA

President of the Treasury Board, Government of Canada

Minister of Finance, Government of New Brunswick

Brock University

Dalhousie College and University

University of Guelph

University of Manitoba

McGill University

University of Regina

Saint Paul University, Ottawa

University of Saskatchewan

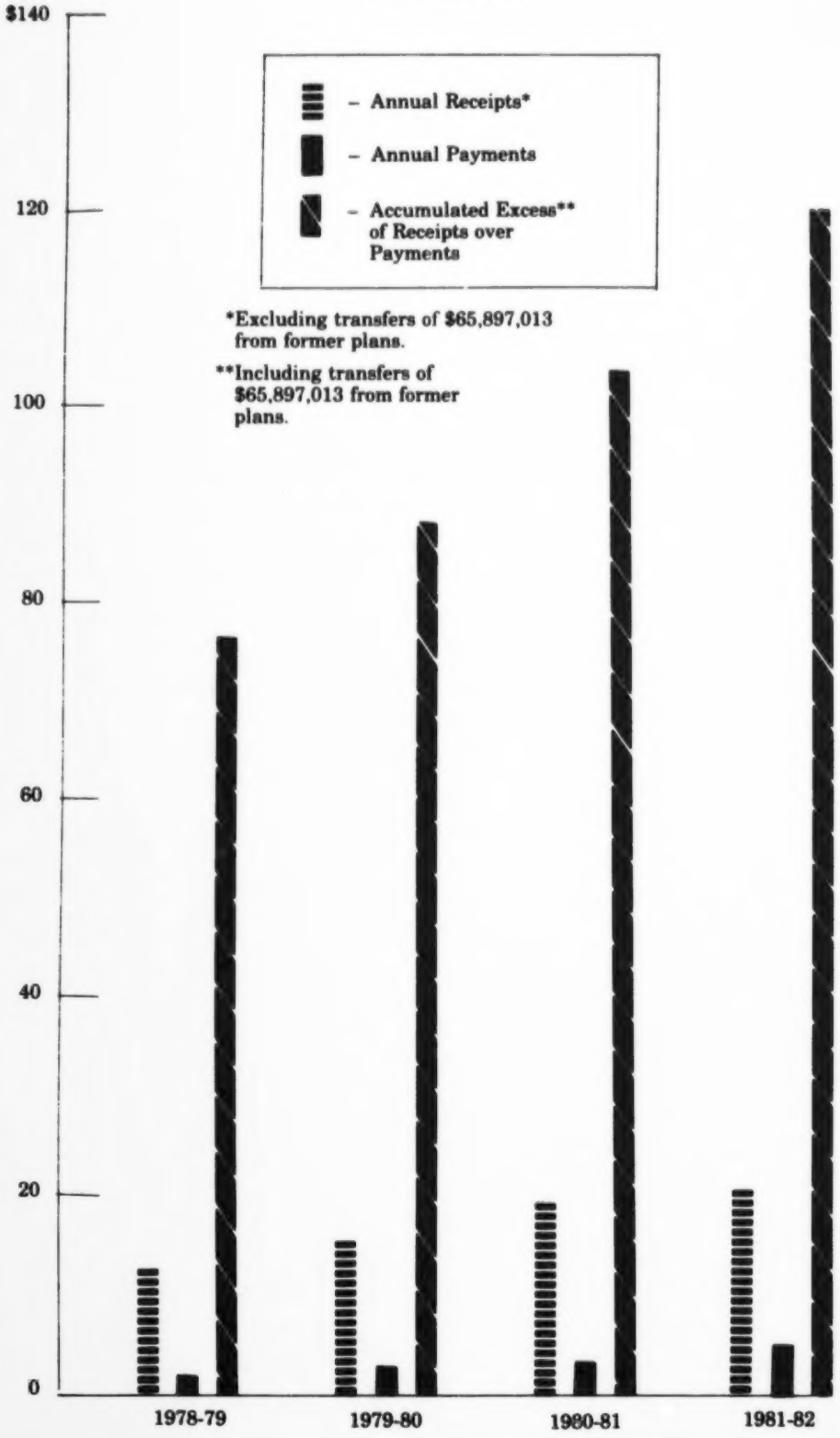
University of Toronto

Manitoba Teachers Retirement Allowance Fund Board

Saskatchewan Teachers Superannuation Commission

RECEIPTS VS PAYMENTS – 4-YEAR COMPARISON

(IN $ MILLIONS)



COMPARATIVE STATISTICS

July 1, 1978 to March 31, 1982

FISCAL YEAR	RECEIPTS			PAYMENTS			EXCESS OF RECEIPTS OVER PAYMENTS
	Member Contributions	Employer Contributions	Total Receipts	Benefits	Withdrawals	Total Payments	
1978-79	$33,716,989.15	$44,624,640.76	$ 78,341,629.91	$1,168,034.93	$ 547,822.70	$1,715,857.63	$ 76,625,772.28*
1979-80	7,675,275.81	7,447 345.10	15,122,620.91	2,099,781.65	957,979.47	3,057,761.12	12,064,859.79
1980-81	10,241,365.00	8,293,195.00	18,534,560.00	2,712,054.00	909,022.00	3,621,076.00	14,913,484.00
1981-82	10,311,875.40	11,248,551.12	21,560,426.52	3,501,251.04	1,773,688.32	5,274,939.36	16,285,487.16
Totals	$61,945,505.36	$71,613,731.98	$133,559,237.34	$9,481,121.62	$4,188,512.49	$13,669.634.11	$119,889,603.23

**Includes funds transferred from former plans at start-up of the plan.*

Note: Contributions and 'Excess of Receipts over Payments' do not include interest.

UNIVERSITIES ACADEMIC PENSION ACT

SUMMARY OF REVENUE AND EXPENDITURE TRANSACTIONS

for the year ended 31-Mar-82

REVENUE

	1981-82	1980-81
Contributions:		
Employees	$ 10,311,875.40	$ 10,241,365.00
Employers	11,248,551.12	8,293,195.00
	$ 21,560,426.52	$ 18,534,560.00

EXPENDITURE

Benefits:		
Pensions and annuities	$ 3,433,118.11	$ 2,628,633.00
Payment to beneficiaries	68,132.93	77,129.00
Lump sum pension benefits	–	6,292.00
	$ 3,501,251.04	$ 2,712,054.00
Withdrawals:		
Contributions and interest in respect of employees leaving the service	122,114.97	45,062.00
Contributions and interest in respect of employees transferred to other pension authorities without reciprocal agreements	1,531,127.54	824,642.00
Contributions and interest in respect of employees transferred to other pension authorities with reciprocal agreements	31,728.68	8,420.00
Refund of excess contributions	88,717.13	30,898.00
	1,773,688.32	909,022.00
	$ 5,274,939.36	$ 3,621,076.00
Excess of revenue over expenditure for the year	$ 16,285,487.16	$ 14,913,484.00

UNIVERSITIES ACADEMIC PENSION ACT

NOTE TO THE SUMMARY OF REVENUE AND EXPENDITURE TRANSACTIONS

MARCH 31, 1982

Transfers

The following contributions and interest were transferred by book entry and are not reflected in the summary of transactions:

Transfers to:	
Public Service Pension Act	$ 4,140.48
Local Authorities Pension Act	26,200.05
Public Service Management Pension Act	–
	$ 30,340.53
Transfers from:	
Public Service Pension Act	$453,797.92
Local Authorities Pension Act	129,123.34
Public Service Management Pension Act	100,169.58
	$683,090.84